



FILED

12/15/21
10:00 AM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Cases filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

INVESTIGATION 19-09-016

**PETITION OF PACIFIC GAS AND ELECTRIC COMPANY
(U39M) FOR MODIFICATION OF D.20-05-053**

HENRY WEISSMANN
KEVIN ALLRED

WILLIAM MANHEIM

MUNGER, TOLLES & OLSON LLP
350 South Grand Avenue
Los Angeles, CA 90071-3426
Telephone: (213) 683-9150
Facsimile: (213) 683-5150
E-Mail: henry.weissmann@mto.com

PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-6628
Facsimile: (415) 973-5520
E-Mail: william.manheim@pge.com

Attorneys for PACIFIC GAS AND ELECTRIC COMPANY

Dated: December 15, 2021

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION AND SUMMARY	1
II. BACKGROUND REGARDING PRIOR DECISION	2
A. Order Instituting Investigation and Resulting Decision Approving Plan	2
B. Decision’s Provisions Regarding Chief Safety Officer	2
III. PG&E’S SAFETY AND RISK LEADERSHIP SINCE THE DECISION	3
IV. THE DECISION SHOULD BE MODIFIED TO ALLOW THE SAME INDIVIDUAL TO SERVE AS CRO AND CSO	5
A. A Combined Safety and Risk Organization, under a CSRO, Can Enhance Safety.....	5
B. The Timing of the Petition is Appropriate	9
V. SPECIFIC PROPOSED MODIFICATIONS TO DECISION WORDING	9
VI. PROCEDURAL MATTERS	9
A. Proposed Schedule	9
B. Evidentiary Hearing	10
C. Service	10
VII. CONCLUSION	11

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Cases filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

I.19-09-016

**PETITION OF PACIFIC GAS AND ELECTRIC COMPANY
(U39M) FOR MODIFICATION OF D.20-05-053**

I. INTRODUCTION AND SUMMARY

Pursuant to Rule 16.4 of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company ("PG&E") files this Petition requesting modification of D.20-05-053 ("Decision"). As part of its continuous improvement journey, PG&E has decided to consolidate its safety and risk functions into a single organization led by Sumeet Singh, PG&E's current Chief Risk Officer. This will create a singular, integrated and prioritized focus on PG&E's management of public safety risks and ensure the continuation of our positive progress in protecting the safety of our co-workers and contractors. The only requested changes to the Decision are to allow the same person to hold the titles of Chief Risk Officer ("CRO") and Chief Safety Officer ("CSO"). All the reporting and oversight responsibilities that the Decision imposed on the CRO or CSO would continue in effect, applying to the person who holds the combined title of Chief Safety and Risk Officer ("CSRO").

II. BACKGROUND REGARDING PRIOR DECISION

A. Order Instituting Investigation and Resulting Decision Approving Plan

PG&E and its holding company, PG&E Corporation, filed voluntary bankruptcy petitions on January 29, 2019, under Chapter 11 of the U.S. Bankruptcy Code. California Assembly Bill 1054 required that the Commission approve the reorganization plan, in light of various considerations, including that PG&E's governance was acceptable in light of its safety history and other factors.

The Commission Order Instituting Investigation (OII) for this proceeding was issued on October 4, 2019. Following extensive discovery, written opening and/or reply testimony was submitted by numerous parties. On February 18, 2020, an Assigned Commissioner's Ruling (ACR) set forth a set of proposals relating to governance, management and oversight of the Debtors. Evidentiary hearings were held February 25, 2020 through March 4, 2020.¹ The parties filed opening and reply comments on March 13, 2020 and March 26, 2020, respectively.²

The Commission issued the Decision on June 1, 2020, approving PG&E's plan of reorganization. The Decision included adoption of the bulk of the ACR proposals, with some modifications based on comments of the parties and evaluation by the Commission.³

B. Decision's Provisions Regarding Chief Safety Officer

In its testimony, PG&E proposed to establish separate positions of CRO and CSO.⁴ The ACR noted PG&E's proposal "to split the risk assessment function and the public safety function between these two positions."⁵ PG&E supported this aspect of the ACR. TURN argued that

¹ D.20-05-053 at 8-9.

² *Id.* at 9-10.

³ *See id.* at 17-47, 50-70.

⁴ Testimony of Andy Vesey at 5-5 to 5-8.

⁵ ACR, Appendix A at 2.

“the duties of the CRO and CSO overlap,” and recommended that “PG&E just have a CRO, or to have the CSO report to the CRO.”⁶

The Decision included the following statements relating to the CRO and CSO:

After considering the recommendations of the parties, the Commission adopts the recommendations of ACR Proposal 1 that PG&E have ***a separate CRO and CSO***, the CSO’s duties include both public and workplace safety, and that both the CRO and CSO get direct reporting from safety officers in the field, with regional issues reported to the CSO and line of business issues reported to the CRO. Both the CRO and CSO should have regular contact with PG&E employees and contractors working in the field, and both the CRO and CSO should be empowered to report directly to the SNO Committees and CEOs of PG&E and PG&E Corp. PG&E should consult with the State regarding the appointment of the initial CRO and CSO; subsequent appointments must be approved by PG&E’s SNO Committee. The CRO and CSO will be required to provide regular periodic reports to the Commission and/or Commission staff.⁷

...

PG&E shall take steps so that by one year from the date of this decision it will be able to ... appoint regional safety officers that report to the CSO.⁸

PG&E concurred with these provisions in its comments on the proposed decision.⁹ These provisions have not been modified to date and remain in effect.

III. PG&E’S SAFETY AND RISK LEADERSHIP SINCE THE DECISION

Since August of 2020, PG&E’s Chief Risk Office has been Sumeet Singh, and until recently its Chief Safety Officer has been Francisco Benavides. While the Risk and Safety functions had some overlaps, each executive brought particular focus to their core areas. In the safety organization, the primary focus was on improving safety for and among coworkers and

⁶ D.20-05-053 at 18 (describing TURN’s briefing).

⁷ *Id.* at 19 (emphasis added).

⁸ *Id.* at 52.

⁹ PG&E’s Post-Hearing Brief and Comments on Assigned Commissioner’s Proposals, March 13, 2020, at 125-129. PG&E offered a few clarifying comments to the ACR proposals with respect to the CSO provisions: (a) that regional safety personnel not have direct reporting to both the CRO and CSO, as dual reporting lines would be “ineffective, confusing, and not a sound practice” (*id.* at 127), and that there not be a requirement of a public review process for replacement appointments (*id.* at 128). The Decision did not include a public review process for replacements, and while not entirely clear it does not seem to impose formal dual reporting lines.

contractors. This included re-evaluating PG&E's safety programs and improving its safety processes. For example, through the Safety organization, PG&E has adopted processes such that its daily and weekly operating reviews include all SIFs (Serious Injuries and Fatalities, among coworkers and contractors) and DARTs (Injury-caused Days Away From or Restricted Work), where each incident is discussed and evaluated, and the lessons learned are promulgated across the pertinent operations. The resulting progress is reflected in the data: For 2021 year-to-date, there has been a 58% improvement in SIF-Actuals as compared to last year, including *zero* employee fatalities in 2021. Likewise, there has been a marked improvement in the DART rate each of the past two years, cumulatively resulting in a 51% decrease in the DART rate compared to 2019.

During 2021, the Risk organization has adopted Lean principles, resulting in an enhanced risk system built around the principle of "Plan, Do, Check, Act." As part of this structure, the Risk function has become more effectively integrated with the operating organizations (which necessarily involve the bulk of the "Do" part of this risk mitigation system), to identify risks, evaluate mitigations including associated effectiveness, and verify implementation and results. For example, the Wildfire Command Center was stood-up by the Risk organization, with a Wildfire Risk Governance Steering Committee chaired by Mr. Singh. The Wildfire Risk team adopted Lean operating principles, beginning in March 2021, such that the Risk function now works closely with operations to continuously monitor and track PG&E's wildfire risk mitigation effectiveness, including through daily and weekly operating reviews with the senior executive team. This increased focus led to identification of greatly increased risk levels arising from the extreme drought conditions even in the absence of high winds, which in turn led PG&E to identify as an important risk mitigation strategy, and rapidly implement, Enhanced Powerline

Safety Settings (EPSS), that quickly trip the system if there is fleeting contact with a line in high risk areas. The rapid implementation of EPSS on July 28, 2021 played a critical role in achieving a 57% reduction in CPUC Reportable Fire Ignitions in High Fire Threat Districts (year over year) since July 28, 2021.

With these foundational elements in place, PG&E is eager to take its Safety and Risk functions to the next level.

IV. THE DECISION SHOULD BE MODIFIED TO ALLOW THE SAME INDIVIDUAL TO SERVE AS CRO AND CSO

A. A Combined Safety and Risk Organization, under a CSRO, Can Enhance Safety

PG&E is committed to continuous improvement, especially with respect to safety. As part of those continuous improvement efforts, and with the critical foundations and processes developed over the past 18 months, PG&E has determined that at this stage public safety and risk mitigation will be enhanced by combining the safety and risk organizations. PG&E has further determined that those organizations should report to a common executive, i.e., a single CSRO, at this time.

This Safety/Risk evaluation was accelerated by the departure of PG&E's CSO, Francisco Benavides, in October 2021, which prompted further analysis as to whether PG&E was optimally organized to address risk and safety. PG&E determined that analysis and mitigation of safety risks crosses over multiple organizations, including Risk, Safety, Engineering, Planning and Strategy ("EP&S") and Electric Operations, Gas Operations, and Generation (collectively "Operations"), that have overlapping responsibilities. PG&E believes that coordination and processes across these functions, and ownership of the public safety issues more generally, could be improved by combining the Risk and Safety organizations. Integrating the Risk and Safety functions will enhance the development of a comprehensive and cross-functional PG&E Safety

Management System (similar to the highly effective system, Gas Safety Excellence, implemented in PG&E's gas operations in the wake of the San Bruno tragedy). An integrated Safety and Risk organization will enhance efforts to achieve a focused safety strategy through identification and data-driven evaluation and prioritization of risks, collaboration with Operations and EP&S to integrate safety and risk management into PG&E's business strategy, and associated feedback on safety efforts and results in the field.

The integrated Risk/Safety function will be particularly beneficial on the public safety front, as the combined organization works side-by-side with operations to identify the greatest risks and most effective and risk spend efficient mitigation efforts, allocating resources to the most effective, sustainable mitigations, and constantly checking on the implementation and effectiveness of those efforts, and how they might be improved.

As a first step towards a more integrated approach to public safety, PG&E in 2021 included wildfire mitigation efforts as part of the Risk organization. This development has been accompanied by enhanced risk identification and quantification, coordination of efforts to manage those risks, and evaluation of the efficacy of those efforts. As pioneered in PG&E's recent wildfire mitigation efforts, PG&E plans to build on those learnings to apply them more broadly across the enterprise.

An integrated Safety and Risk organization will allow for more effective coordination of the highly interrelated risk identification/evaluation and safety efforts. The Safety and Risk organization will be responsible for identifying, assessing and prioritizing risks, determining mitigation efforts (in conjunction with Operations and EP&S), and then verifying the implementation and associated results of those efforts including their effectiveness, and as a final step in the feedback loop, identifying areas where further mitigation efforts would be most

appropriate. The Safety and Risk organization will implement an enterprise-wide data-driven approach to evaluate the risk factors faced by PG&E, and to inform a “risk spend efficiency” analysis to determine where risk can be most substantially reduced per dollar of spend for public, coworker and contractor safety. This will enhance PG&E’s ability to apply the same processes and rigor to all its enterprise risk and safety issues.

In addition, the same risk drivers often implicate both public safety and workforce (coworkers and contractors) safety, and can be addressed more effectively by a single organization. For example, the potential for mishaps in connection with work on or around electrical wires gives rise to both wildfire risk and workforce risk, and indeed a single incident could lead to both hazards. A common framework for evaluating the nature and extent of such risks, and the optimal processes and culture to efficiently mitigate such risks, is needed.

Given PG&E’s decision to create an integrated Safety and Risk Organization, PG&E has selected Sumeet Singh, who is currently PG&E’s Senior Vice President and Chief Risk Officer, to oversee and manage this organization. Mr. Singh was appointed to his current position as CRO following consultation with the Governor’s office and has extensive experience in electric and gas operations, including specifically wildfire risk, as well as in the implementation of a Safety Management System.¹⁰

¹⁰ Mr. Singh’s experience with PG&E includes serving as the Vice President, Asset Management and Community Wildfire Safety Program for PG&E. This program consists of additional cautionary measures following the 2017 and 2018 wildfires intended to further reduce risk on PG&E’s electric system and includes partnering with communities on wildfire safety and prevention efforts. Previously, Singh served as Vice President of Portfolio Management & Engineering in PG&E’s Gas Operations, responsible for planning, prioritizing and providing oversight of Gas Operations’ portfolio of work, and as Vice President, Asset & Risk Management in PG&E’s Gas Operations. In addition, Mr. Singh previously served as the Gas Safety and Integrity Officer at Picarro Inc.

In line with this decision, and to promote clear accountability for both public safety and workforce safety, PG&E believes that Mr. Singh should serve as both the CRO and CSO at this time. The accountability of the CSRO not only is beneficial for its own sake as an organizational matter, but also has the potential to improve the value of the reporting to the CEO of PG&E Corporation, to the PG&E board of directors' Safety and Nuclear Operations (SNO) committee, and to Commission staff. The reporting will come from an integrated, risk-informed framework of analysis, regarding safety efforts and outcomes.

PG&E is not proposing any reduction in the reporting requirements set forth in the POR Decision. Any reporting by either the CRO or CSO, required in that Decision, in particular to the CEO, the SNO committee, and the Commission staff, shall apply to the CSRO position. Rather, the only change that PG&E is requesting is to be allowed to appoint a single executive to hold both the CRO and the CSO positions.¹¹

The boards of PG&E and PG&E Corporation recently voted to promote Mr. Singh to Executive Vice President and Chief Risk Officer and, contingent upon Commission approval of this Petition, to elect Mr. Singh as Chief Safety Officer of each of PG&E Corporation and PG&E. Mr. Singh's Executive Vice President position will place him at the same level as the other executive vice presidents who comprise of the CEO's senior leadership team. Mr. Singh's appointment will be effective January 1, 2022.¹²

¹¹ Alternatively, PG&E could appoint a separate CSO who would report to the CRO as well as, on a dotted line basis, to the CEO. However, PG&E believes that such a reporting structure would be inferior to the CRSO position that would report to the CEO and be part of the senior leadership team.

¹² Pending Mr. Singh's appointment, the interim CSO is Andrew Williams, who was (and remains) Vice President, Shared Services, at PG&E.

B. The Timing of the Petition is Appropriate

The Chief Safety Officer of PG&E from March 9, 2020 to October 8, 2021 was Francisco Benavides. Mr. Benavides left PG&E on October 8, 2021. As noted, Mr. Benavides' departure prompted PG&E to decide to combine the Safety and Risk Organizations and to have those organizations report to Mr. Singh. PG&E brings this petition approximately two months after Mr. Benavides' departure.

Pursuant to Rule 16.4(d), PG&E states that the reason it is filing this petition more than a year after the issuance of the Decision is that the decision to propose a CSRO was prompted by the departure of Mr. Benavides from PG&E on October 8, 2021.

V. SPECIFIC PROPOSED MODIFICATIONS TO DECISION WORDING

Pursuant to Rule 16.4(b), PG&E proposes the following specific modifications to the Decision:

- Delete the word "separate" on page 19, in the phrase "separate CRO and CSO";
- Insert a sentence at page 19 at the end of section 5.1.2, or otherwise state in the order modifying the Decision, that: "To the extent that a single executive is named as both the CRO and CSO, any reference in the Decision to CRO and/or CSO, or to "both the CRO and CSO," shall be read to apply instead to the Chief Safety and Risk Officer, who will have any role or responsibility provided for in the Decision with respect to either the CRO or the CSO."

VI. PROCEDURAL MATTERS

A. Proposed Schedule

PG&E requests that the Commission resolve this Petition as expeditiously as possible. The CSO position recently became vacant. It would be difficult to fill that position with a new CSO while a Petition to allow elimination of the separate CSO position is pending. And the

pendency of the Petition could create uncertainties within PG&E's safety organization as to future responsibilities and/or potential organizational changes.

B. Evidentiary Hearing

PG&E submits that hearings are unnecessary to address this Petition, because the issue presented is narrow, and this Petition, including the supporting declaration and the underlying record in I.19-09-016, constitute a sufficient record for the Commission to rule on PG&E's request. Moreover, the delay that would be entailed by evidentiary hearings would result in an undesirable period of uncertainty with respect to PG&E's organizational structure, in the critical area of safety, which could in turn impair staffing efforts or the ability to move forward decisively with organizational initiatives to improve safety outcomes.

C. Service

Pursuant to Rule 16.4(c), this Petition has been served on all parties to I.19-09-016, the proceeding in which the Decision was issued. Pursuant to Commission Rule 16.4(f), any responses to this Petition must be filed within 30 days of the date of filing of this Petition, and must be served on PG&E and on all parties served with this Petition.

Correspondence and service to PG&E for this Petition should be addressed to:

Henry Weissmann
Kevin Allred
Munger, Tolles & Olson LLP
350 South Grand Avenue, Suite 5000
Los Angeles, CA 90071-3426
Telephone: (213) 683-9150
Facsimile: (213) 683-5150
E-Mail: henry.weissmann@mto.com

William Manheim
Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94177
Telephone: (415) 973-6628
Facsimile: (415) 973-5520
E-Mail: william.manheim@pge.com

ATTENTION: Due to the COVID-19 crisis, please be advised that the Commission has directed that all requirements for delivery or service personally or by mail for filings are suspended until further notice.

VII. CONCLUSION

Based on the foregoing and the Exhibits and testimony supporting this Petition, PG&E respectfully requests that the Commission modify D. 20-05-053 as set forth herein.

Respectfully submitted,

/s/ William Manheim
William Manheim
PACIFIC GAS AND ELECTRIC COMPANY

WILLIAM MANHEIM

HENRY WEISSMANN
KEVIN ALLRED

PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street, B30A
San Francisco, CA 94177
Telephone: 415 973-6628
Facsimile: 415 973-5520
Email: william.manheim@pge.com

MUNGER, TOLLES & OLSON LLP
350 South Grand Avenue
Los Angeles, CA 90071-3426
Telephone: (213) 683-9150
Facsimile: (213) 683-5150
E-Mail: henry.weissmann@mto.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: December 15, 2021

DECLARATION OF WILLIAM MANHEIM

I, the undersigned, say:

I am an officer of PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and am authorized, pursuant to Code of Civil Procedure Section 466, paragraph 3, to make this declaration for that reason; I have read the foregoing Petition and I am informed and believe the matters therein are true and, on that ground, I allege that the matters stated therein are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at San Francisco, California, on December 15, 2021.

/s/ William Manheim

WILLIAM MANHEIM
Vice President
PACIFIC GAS AND ELECTRIC COMPANY